Government of Jamaica PIMS Project Selection Criteria – IMF Resilience and Sustainability Facility (RSF)

The Cabinet has approved the development and publishing of the Public Investment Management System (PIMS) Project Selection Criteria (Selection Criteria), including climate change considerations, for prioritising projects for inclusion into the Public Sector Investment Programme (PSIP).

Specifically, the Selection Criteria is to assist the Public Investment Management Committee (PIMC) in the systematic ranking/prioritization of appraised public investment projects to facilitate the most effective allocation of limited resources available for public investment. The Criteria incorporates relevant domains of financial, economic, legal, social, technical, environmental and policy conditions; as well as considerations of climate change and is geared towards advancing the Government of Jamaica's (GOJ's) resilience agenda. The Criteria incudes six sub-criteria namely:

1. Alignment with the National Development Plan and medium-term priorities
2. Technical Concurrence
3. Financial Feasibility
4. Economic Feasibility
5. Social Impact
6. Disaster Risk Reduction and Climate Resilience

Each criterion is defined and weighted. See Table 1 and Appendix 1.

The development of the Selection Criteria was in keeping with the GOJ's commitment to strengthen the PIMS as part of a broader public reform agenda that is being supported by the International Monetary Fund (IMF) through its Resilience and Sustainability Facility (RSF). On March 1, 2023 the IMF approved US$968 Million under its Precautionary and Liquidity Line (PLL) and US$764 Million under its Resilience and Sustainability Facility (RSF) for Jamaica. Both the PLL and RSF are intended to provide a safeguard against global risks and strengthen physical and fiscal resilience to climate change, advance decarbonization of the economy, and manage transition risks. Preparation of the Criteria was facilitated with technical assistance from the Inter-American Development Bank and included the inputs of a number of public sector entities.

PIMS Project Selection and Prioritisation Steps

The PIMC will administer the Selection Criteria following receipt of a pool of appraised projects from the Public Investment Appraisal Branch. The appraised projects will be accompanied by appropriate appraisal reports. The PIMC will.

1. Examine the background resource (tabled project report) for each project and discuss towards establishing a score for each criterion.

2. Provide individual scores for each criterion, recorded in a scoresheet given to each member. The facilitator will collect all scoresheets and record the scores. The average score for each criterion will be calculated, and based on the ranking established during criteria development, weighted scores will be calculated for each criterion and an overall (summed) score for the project determined.
3. Rank, using the overall summed scores, all projects that have undergone the scoring against project selection criteria.
4. Submit to the Cabinet, via the PIAB, a report of recommended prioritized (ranked) projects.

. Figure 1 outlines the process flow for the project selection and prioritization process.

Figure 1. Process Flow for Jamaica's PIMS Project Selection and Prioritisation

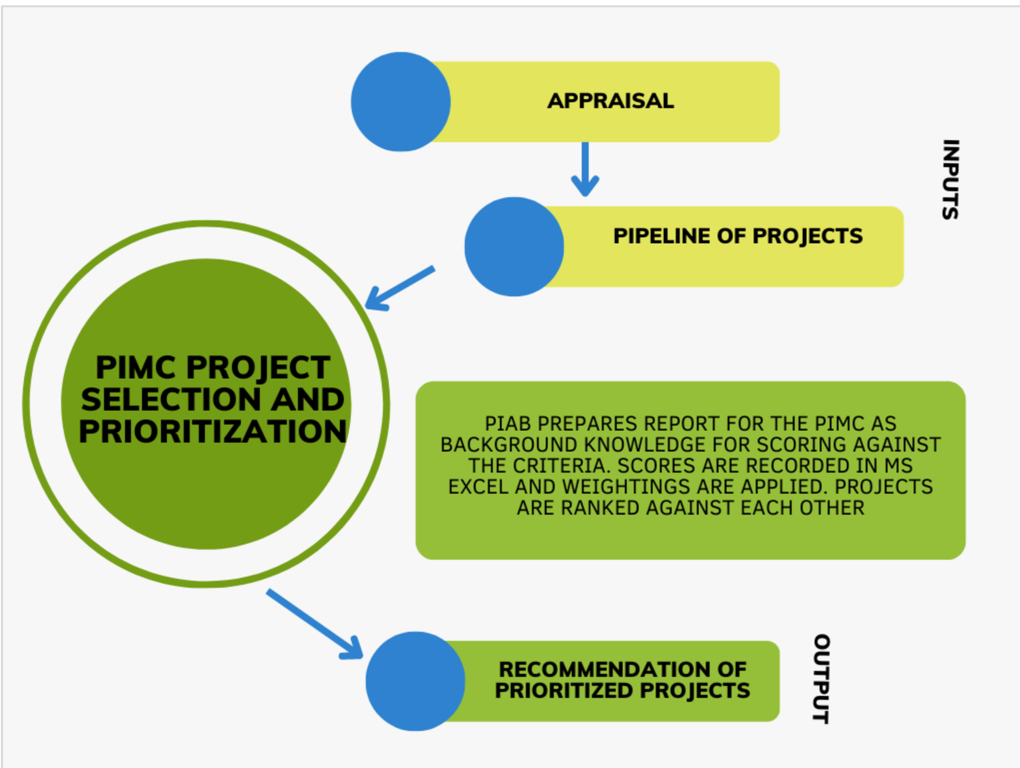

Table 1. Rank Position Based on Weighting

Criterion	Weight Rank
Disaster Risk Reduction and Climate Resilience	1
Alignment with National Development Plan and medium-term priorities	2
Technical Concurrence	2
Financial Feasibility	4
Social Impact	5
Economic Feasibility	5

Appendix 1: Jamaica’s PIMS Project Selection Criteria

<table>
<tr><th rowspan="2">Proposed Criterion</th><th rowspan="2">Definition</th><th rowspan="2">Justification</th><th colspan="2">Project Selection Scoring</th></tr>
<tr><th>Scale to be used by PIMC</th><th>Explanatory Notes for Scale</th></tr>
<tr><td rowspan="3">Alignment with National Development Plan and medium-term priorities</td><td rowspan="3">Jamaica’s Vision 2030 National Development Plan (NDP) has four Goals and 15 Outcomes:
Goal 1: Jamaicans are Empowered to Achieve their Fullest Potential. <u>Outcomes</u>: 1. A Healthy and Stable Population; 2. World-Class Education and Training; 3. Effective Social Protection; 4 Authentic and Transformational Culture
Goal 2: The Jamaican Society is Secure, Cohesive and Just. <u>Outcomes</u>: 5. Security and Safety; 6. Effective Governance
Goal 3: Jamaica has a Prosperous Economy. <u>Outcomes</u>: 7. A Stable Macroeconomy; 8. An Enabling Business Environment; 9. Strong Economic Infrastructure; 9. Strong Economic Infrastructure; 10. Energy Security and Efficiency; 11. A Technology-Enabled Society; 12. Internationally Competitive Industry Structures.
Goal 4: Jamaica has a Healthy Natural Environment. <u>Outcomes</u>: 13. Sustainable Management and Use of Environmental Natural Resources; 14. Hazard Risk Reduction and Adaptation to Climate
The Medium Term Socioeconomic Policy Framework (MTF) serves as the central tenet of the implementation framework of Vision 2030 Jamaica, including its 4 goals and 15 outcomes, and is the main vehicle for advancing the implementation of the 2030 Agenda and its 17 SDGs. The MTF has three-year cycles and outlines the main strategic priorities or thematic areas of priority that are aligned to the Vision 2030 Goals and Outcomes.

Medium-term strategic priorities are defined and published by the Cabinet annually. These priorities are ranked and usually represent a refinement and/or prioritization of the MTF priority areas.

Inclusion of additional priorities of the Government is made possible</td><td>Vision 2030 provides a comprehensive planning framework that integrates the economic, social, environmental and governance aspects of national development. Both the Concept and Proposal Forms require proponents to indicate alignment to Vision 2030 goals in decreasing order of priority.</td><td>3 -Aligned with medium-term strategic (Cabinet) priorities and/or qualifies as an exception.</td><td>Medium-term strategic priorities defined by the Cabinet (usually ranked in descending order)</td></tr>
<tr><td rowspan="2">MTF priority areas and the medium-term strategic (Cabinet) priorities reflect prioritised government direction. While a description of the alignment with the medium-term strategic (Cabinet) priorities is not explicitly required in the concept or proposal documents, it should be noted that these priorities are typically aligned with Vision 2030 and its MTFs, for which proponents are required to show alignment.</td><td>2 - Aligned with MTF priority areas</td><td>Priority areas defined in the 3-year MTF</td></tr>
<tr><td>1 - Aligned with the Vision 2030 Goals</td><td>The 4 long-term goals for achievement of Jamaica’s NDP</td></tr>
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Proposed Criterion	Definition	Justification	Project Selection Scoring	
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	through Circular No. 22 (MOFPS, 2023), which makes allowance for the selection and prioritization of projects that fall under the following areas: (a) Exigent circumstances; (b) Emergencies associated with disasters; and (c) Matters of national security and safety.			
Technical concurrence	This criterion is focused on assuring consistency with sectoral Corporate and Strategic Business Plans, including investment plans by assessing if the project: 1) Is important for current and/or future projects or is a follow-on from a previous project. 2) Fits within the Ministry's programmatic framework. 3) Is a priority PIP included in the Ministry's Strategic Business Plan. 4) Budget has been incorporated in the Ministry's Medium-Term Financial Resource Plan.	While appraisal would have assessed the project for its technical soundness, technical concurrence focuses attention on (i) the project in relation to other projects, including consideration for sustainability and (ii) how the project is situated within the sector's priorities and planning framework.	**3** – High levels of concurrence	Project satisfies 4/4 or 100% of the technical concurrence areas
			2 – Moderately high levels of concurrence	Project satisfies 3/4 or 75% of the technical concurrence areas
			1 - Medium levels of concurrence	Project satisfies 2/4 or 50% of the technical concurrence areas
Financial Feasibility	Financial feasibility describes whether or not the project is fiscally viable. A financial feasibility analysis is designed to help determine whether the proposed PIP is likely to be successful. It identifies both the known costs and the expected direct benefits and includes a feasibility analysis of the project. The metric selected for assessing financial feasibility is the profitability index (PI), which measures the value created per dollar of investment and is generally used for ranking investment projects. PI is calculated by dividing the present value of anticipated net future cash flows by the initial investment outlay in the project.	For the project proposal, project proponents are required to determine the desirability of the project, that is, whether it is financially feasible. For financial feasibility, the proponent is also required to calculate NPV, IRR and payback period, the least cost or cost-effectiveness of the project. NPV is the difference between the present value of benefits and project cost. PI uses these same parameters as NPV, but expresses the result as a	**3-** PI>1: Financially feasible	The project is financially feasible, with benefits outweighing project costs.
			2- PI = 1: Break even	The project impact is neutral, with benefits equivalent to project costs.
			1- PI < 1: Not financially feasible	The project is not financially feasible, with

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		ratio and allows for comparison across projects from a least cost perspective, while providing information on financial feasibility.		benefits less than project costs. *(Projects with high social and/or environmental benefits which have not been quantified should be further screened for having high positive externality. This is examined as part of the economic feasibility criterion.)*
Economic Feasibility	The fundamental purpose of project economic feasibility analysis is to aid in the design and selection of projects that have a welfare benefit. Economic analysis facilitates the identification of PIPs that have a positive net impact on society. Benefit cost ratio (BCR) is a methodical process that evaluates the costs and outcomes of a plan in comparison to a baseline scenario. By considering the entire range of benefits and costs related to the project from an economic, social, and environmental perspective, BCR allows the optimization of societal value derived from a given fiscal space.	Project proponents are required to include the following in the proposals: synergies, dependencies, essential policy links, and development policy alignment, requiring a comprehensive analysis. These factors are requirements for a thorough BCR to be undertaken to compare impact per dollar spent across projects.	**3-** BCR>1	The project impact is positive, with benefits outweighing the baseline cost
			2- BCR = 1	The project impact is neutral, with benefits equivalent to baseline cost.
			1 - BCR< 1	The project impact is negative, with benefits less than the baseline cost.
Social impact	Social impact is the effect on people and communities that happens as a result of a project. Social impact of the project considers the following:	Both the concept and proposal forms require proponents to indicate social benefits (Sections B2 and C2, respectively). Also, as part of the project proposal, proponents are required to do a social impact	**3** - Net positive, with negligible negative outcomes	Project scores 5/5 or 100% when assessed against the key social impact areas

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	1. The number of direct beneficiaries per J$1,000,000 of project cost[1]. 2. The distribution of benefits across gender groups, as well as vulnerable persons, groups and communities. Vulnerable groups include the elderly, at-risk youth, persons with disabilities, persons with income below the poverty line. Vulnerable communities include those regarded as crime hotspots, marginalised based on their economic, social, environmental and cultural characteristics. 3. Economic empowerment of individuals and/or communities in the form of income generation, job creation and/or entrepreneurship opportunities. 4. The adequacy of the project's participation strategy. 5. The negative social changes or consequences of the project. Examples include physical displacement, job loss, income adjustment, economic decline, pollution, crime, inequality, and adverse health effects.	analysis (SIA) (Section F4). As part of the SIA, a participation strategy should be defined and developed to ensure all relevant stakeholders are sufficiently involved.	**2** - Net positive, with minor negative outcomes	The project scores 4/5 or 80% when assessed against the key social impact areas, and scores a 1 in response to Question 5
			1 -Net positive, with moderate negative outcomes	The project scores 3/5 or 60% when assessed against the key social impact areas
Disaster risk reduction and climate resilience	The criterion evaluates public investment projects for resilience to climate events, including natural disasters. The criterion uses a two-pronged approach that considers (i) resilience of the project outcomes themselves to climate events and natural disasters and (ii) the extent to which the proposed project seeks to build resilience to climate events and natural disasters within or beyond the intended project site. Scoring for this criterion is based on responses to the following questions: 1. Have climate and/or disaster risk assessments been conducted and adaptation and/or DRM measures clearly identified? 2. Are major project outputs designed to minimize risks associated with the identified climate events, including natural disasters?	Climate, as evaluated within the present project appraisal structure, contemplates the identification of climate vulnerabilities within the intended project area and the likely impact they may have on the project. As part of the appraisal process, climate impact assessments will be conducted on the project. This will allow for analysis to produce information on levels of resilience to climate events, including natural disasters.	**3**- High	Project satisfies 4 or 5 of the guiding questions
			2- Moderate	Project satisfies 3/5 of the guiding questions
			1- Normal	Project satisfies 1-2 of the guiding questions, with a 'Yes' for guiding question 1

[1] A conceptual figure of 20 beneficiaries per J$1,000,000 of project cost is being utilised, in the absence of data on the project pipeline that would help to determine, using historical data, what an appropriate number of beneficiaries per J$1,000,000 of project cost would be. This will need to be adjusted by the PIAB using project pipeline trend data.

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	3. Will the majority of project outcomes contemplate adaptation and/or DRM as identified in the climate and/or disaster risk assessments? 4. Will implementation of the project improve climate resilience and/or disaster risk reduction at or beyond the project site? 5. Does the project contemplate as part of its climate resilience building/DRM approach the targeting of gender-specific considerations and vulnerable groups?			